Joint Parts Management Contract Clause Subcommittee

Presented by:

HQ DCMA

HQ DCMA

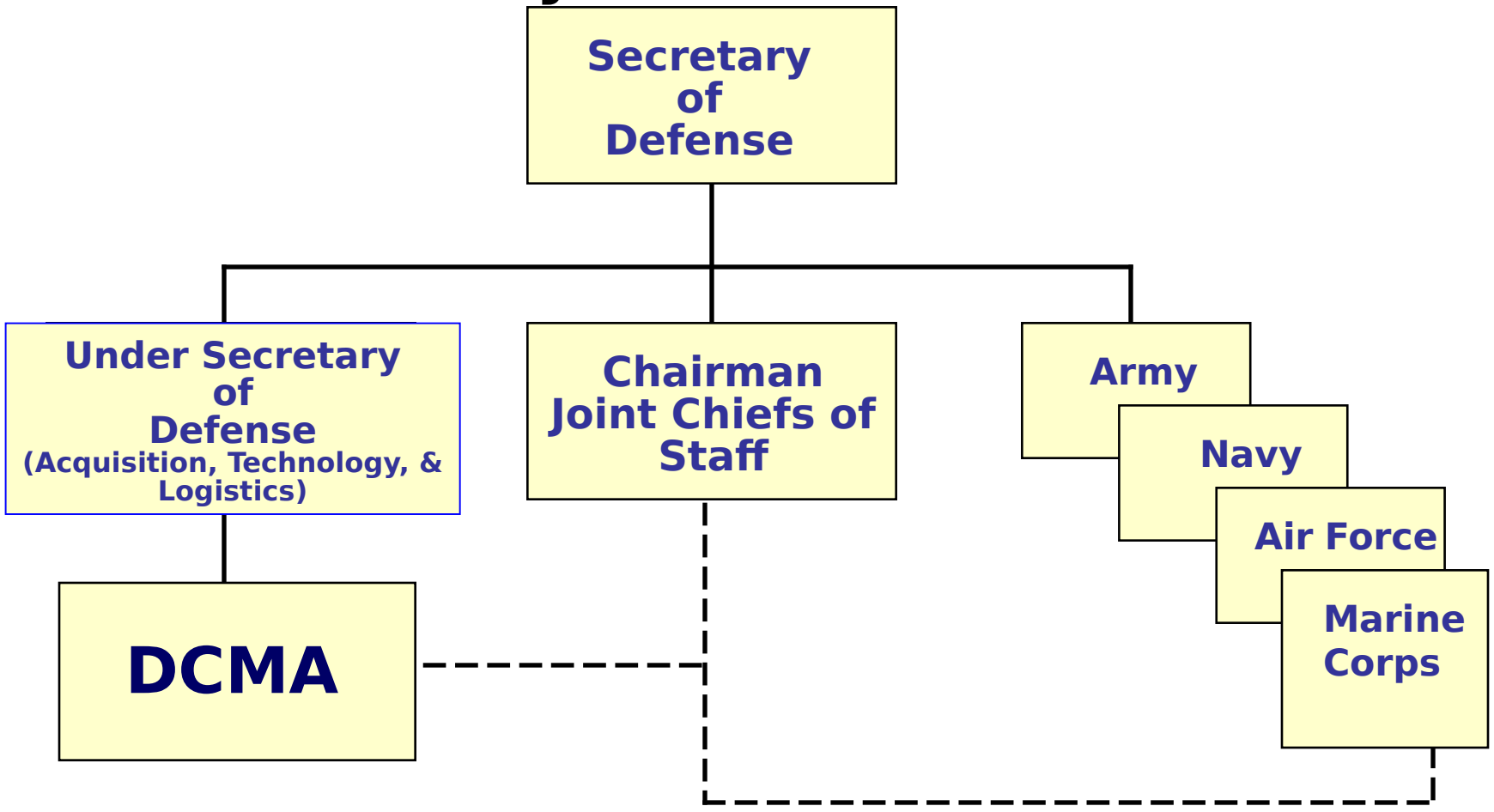
PSMC and DMSMS
October 2007

Overview Briefing Agenda

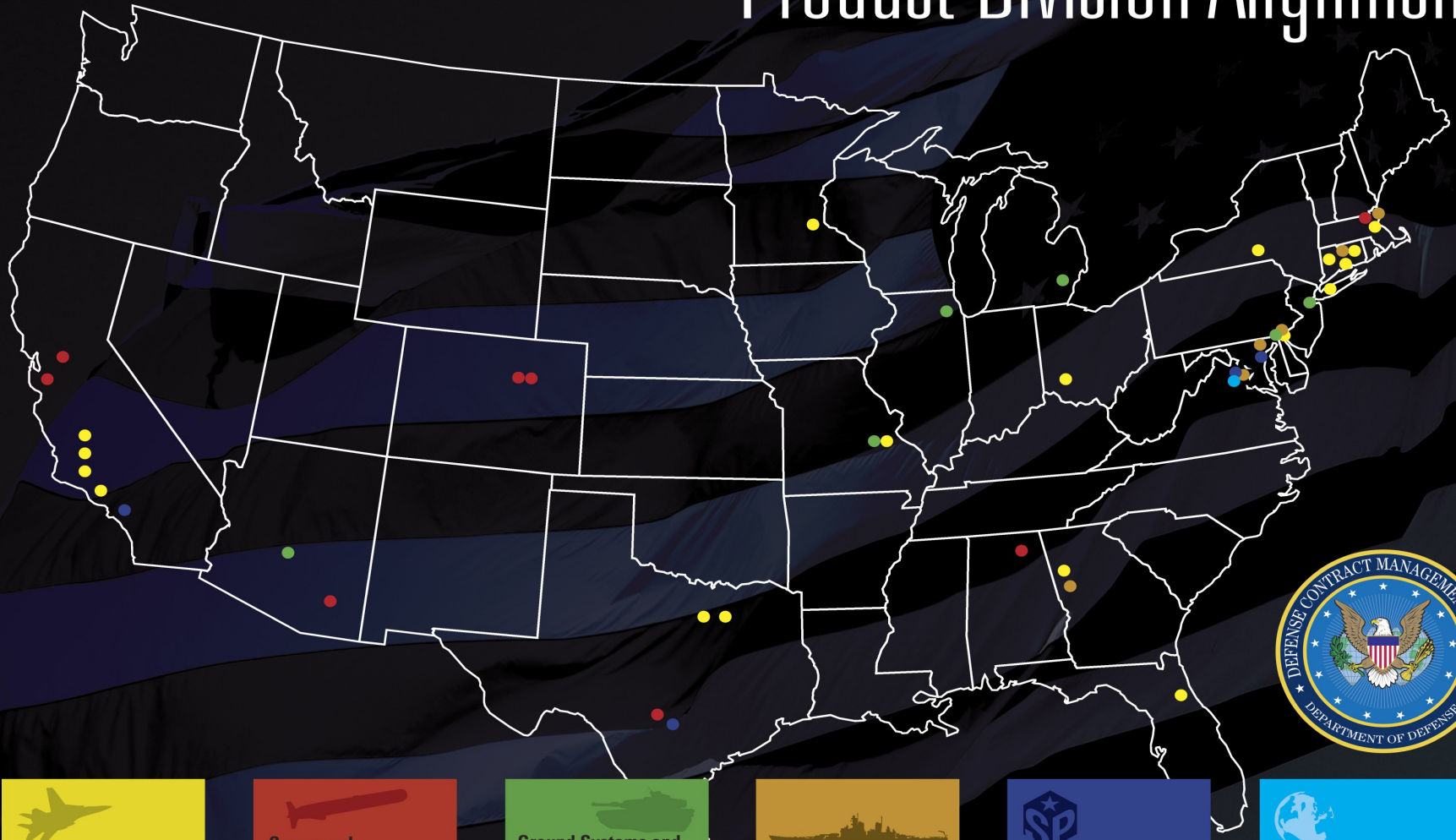
- **Background**
  - Who are we? (video)
  - How/Why are we related to this effort?
- **What have we done to date?**
  (Charter/Portal)
- **Challenge/Opportunity to Participate**

DCMA is a Team Member…

… In the defense acquisition community



Product Division Alignment



DEFENSE CONTRACT MANAGEMENT AGENCY
DEPARTMENT OF DEFENSE

Aeronautical

- Aircraft Integrated Maintenance Operations (AIMO)
- Aircraft Propulsion Operations
- Bell Helicopter Textron
- Boeing Long Beach
- Boeing Philadelphia
- Boeing St. Louis Operations
- Boston
- Dayton
- Lockheed Martin Ft. Worth
- Lockheed Martin Marietta
- Lockheed Martin Owego
- Long Island
- Los Angeles
- Palmdale
- Santa Ana
- Sikorsky Aircraft
- Texas
- Twin Cities

Space and Missiles

- Denver
- Huntsville
- Launch Vehicle Operations
- Missile Operations
- NASA Products Operations
- Northern California
- Space Satellite Operations
- Space Sensors and Communication Operations

Ground Systems and Munitions

- Chicago
- Detroit
- Future Combat Systems
- Philadelphia
- Phoenix
- Springfield

Naval Sea Systems

- Atlanta
- Hartford
- Maryland
- Naval Sea Systems Operations
- Naval Special Emphasis Operations
- Virginia

Special Programs

- Special Programs (Headquarters)
- Special Programs East
- Special Programs South
- Special Programs West

International

- International (Headquarters)
- Americas
- Iraq
- Middle East
- Northern Europe
- Pacific
- Southern Europe

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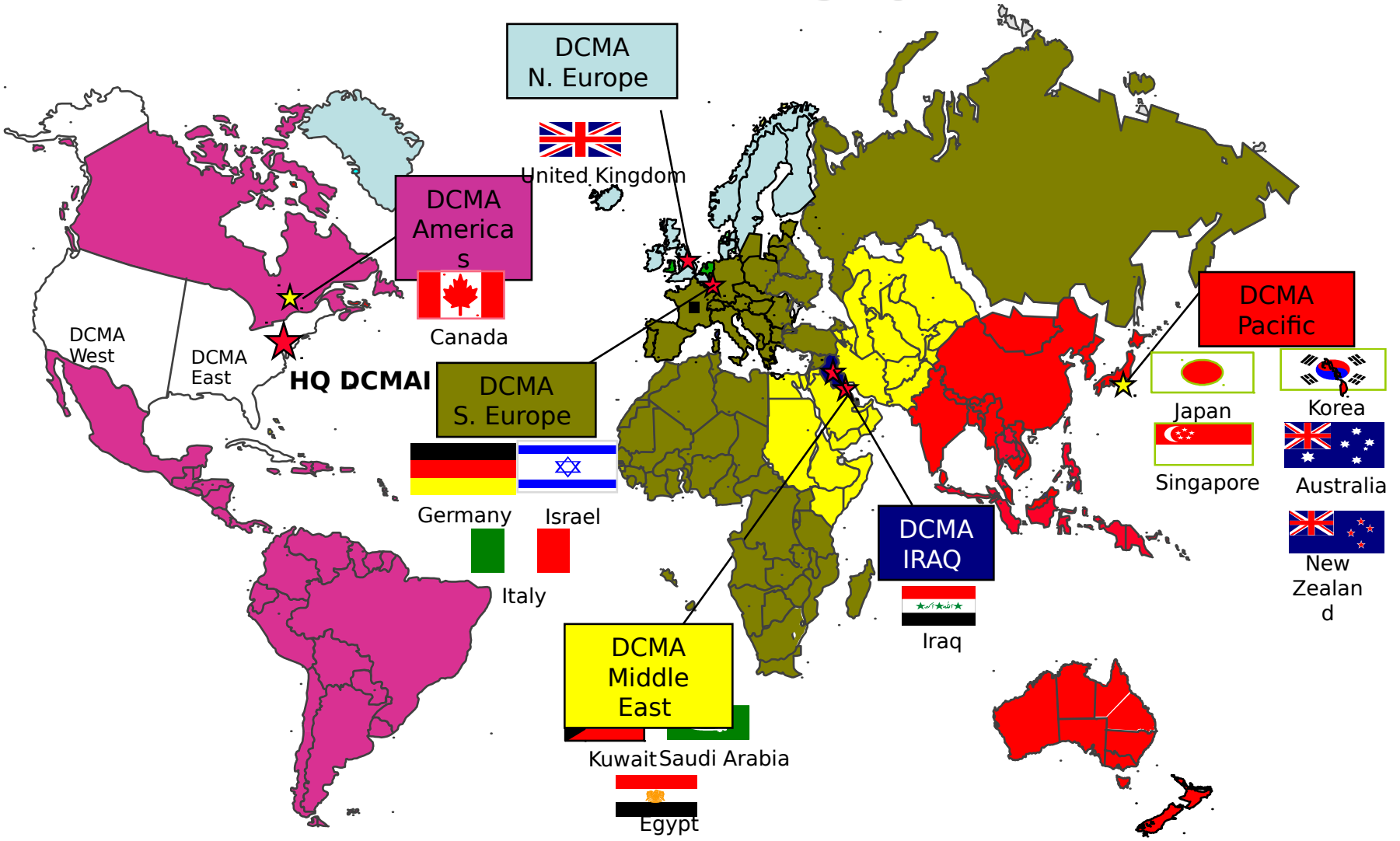
International Division



Contingency Contracting Administrative Services (CCAS)

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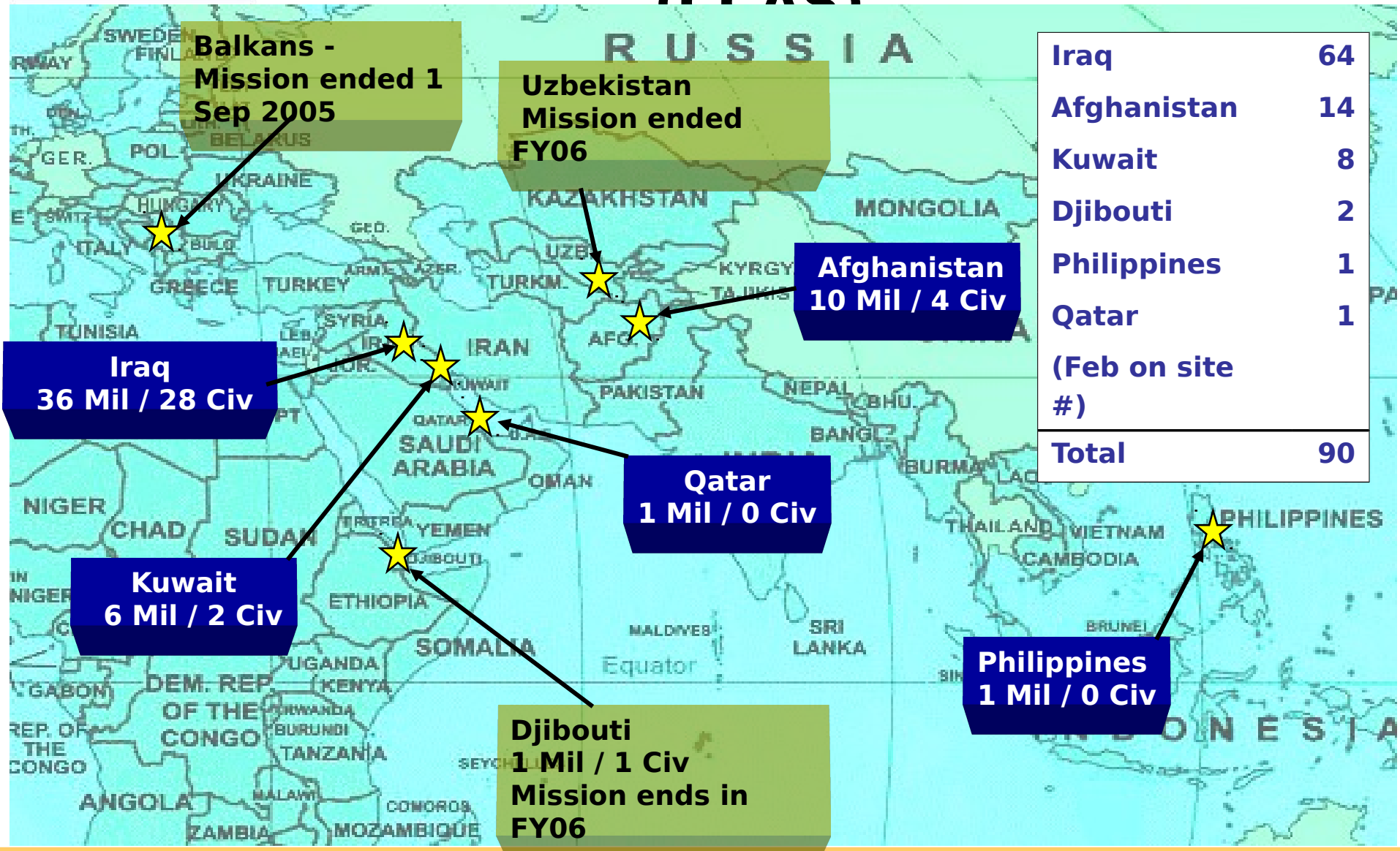


Iraq	64
Afghanistan	14
Kuwait	8
Djibouti	2
Philippines	1
Qatar	1
(Feb on site #)	
Total	90

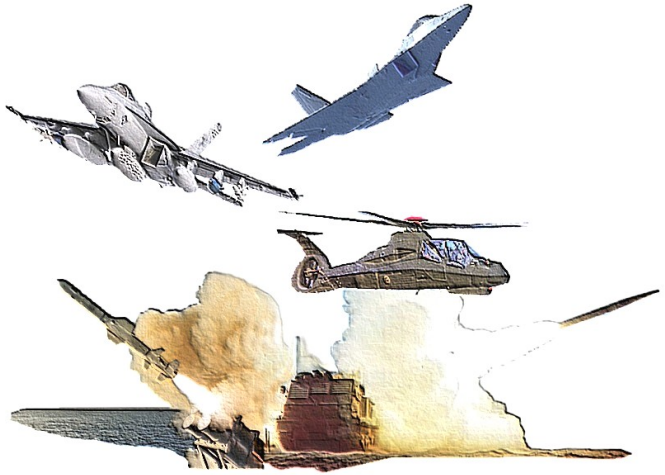
Mission and Vision

- **Mission -** DCMA Provides Customer- Focused Acquisition Life Cycle and Combat Support to Ensure Readiness, Worldwide 24/7

- **Vision -** The Indispensable Partner, Chosen By Our Customers For the Best Solutions

We are DoD's contract manager, responsible for ensuring Federal acquisition programs (systems, supplies, and services) are delivered on time, within projected cost or price, and meet performance requirements.

Worldwide Acquisition Impact



Span of Control

- **9,511 civilian professionals**
  -- ACOs, PI, QA, Engr, IS, Prop
- 900+ Locations
- 600+ Military (~420 Active Duty)
- 50 Major Field Commands
- $1.1B Budget Authority
- $27B Reimbursable w/FMS
- Combat Support Agency

Scope of Work

- $1,773B Face Value of Contracts
- 17,048Contractors
- 305,488 Contracts
- $154B Unliquidated Obligations
- All ACAT 1 and 2 programs
- Flight Operations (1,150 Aircraft/yr
- $94B Gov't property in plant
- $8B Progress Payments
- $16B Performance Based Payments

as of 10/13/06 (Parts A&B/Sections 1-

Key Capabilities

- Fraud Deterrence, Mitigation and Remediation
- Contract Safety
- **Industrial Analysis**
- Acquisition Management of Special Access Programs
- Management of Maintenance and Overhaul for Aviation Assets
- Management of Government Property in Contractor possession (including plant clearance)
- Global **Supplier Management**
- **Earned Value Management**
- Safe and effective **Flight Operations** at Contractor Facilities
- Business and financial analysis functions to include DCEs, CIPR, FPRA and corporate systems approvals (ERP, EVMS, purchasing, etc.)
- **Product Assurance**
- Management of Navy Special Emphasis Programs

Industrial Analysis Mission

d Defense Department Industrial Capability/Surge Analys
Major Weapon Systems Acquisition, Technology, Readine
and Homeland Defense Programs

Directly Supports DoD Initiatives and
DCMA's Acquisition and Combat Support Missions

Strengthen the Industrial Base

Industrial Analysis Functions

- **Supplier Reliability and DMSMS issues**
- Planning for and Maintaining Military Readiness
- Preservation of Essential/Unique Industrial Capabilities
- Defense Critical Infrastructure Program
- Informed Defense Industrial Base Investment Decisions
- Weapon System Economic/Cost Considerations
- Acquisition Strategies
- Maintaining Future Competitive Industrial Base

Product Assurance

- **Agency Product Assurance Strengths**
  - Mature Workforce Knowledgeable of an Embedded in the Supplier Base
  - Timely Acceptance of Products and Services Meeting Customer Expectations
- **Product Assurance Surveillance**
  - Tailored to the Acquisition Phases and our Segmented Customer Base
  - Focused on Product Criticality and Complexity
  - Continued Emphasis on High and Moderate Risk Work
    - Critical Safety Items
    - Critical and Complex Products
  - Transition from Low Risk Work
    - Exception Based Surveillance of Non-Critical, Non-Complex Products
    - Surveillance When Necessary Based on Negative Contractor Performance

DMSMS/PMP Policy

Update planned for our GIDEP& PMP Guidebook policy to incorporate DMSMS & Parts Management wisdom gained in this activity; policy may include:

- Teaming & Encouraging Contractor – recommend reporting DMSMS
- Partner with AIA, NDIA (*Industry Associations)* to encourage Industry sharing of DMSMS information; Encourage Industry Associations as conscience of industry
- Request Contractors and Program Managers to spell out the BOM and Discontinuance Reporting, perhaps as a CDRL

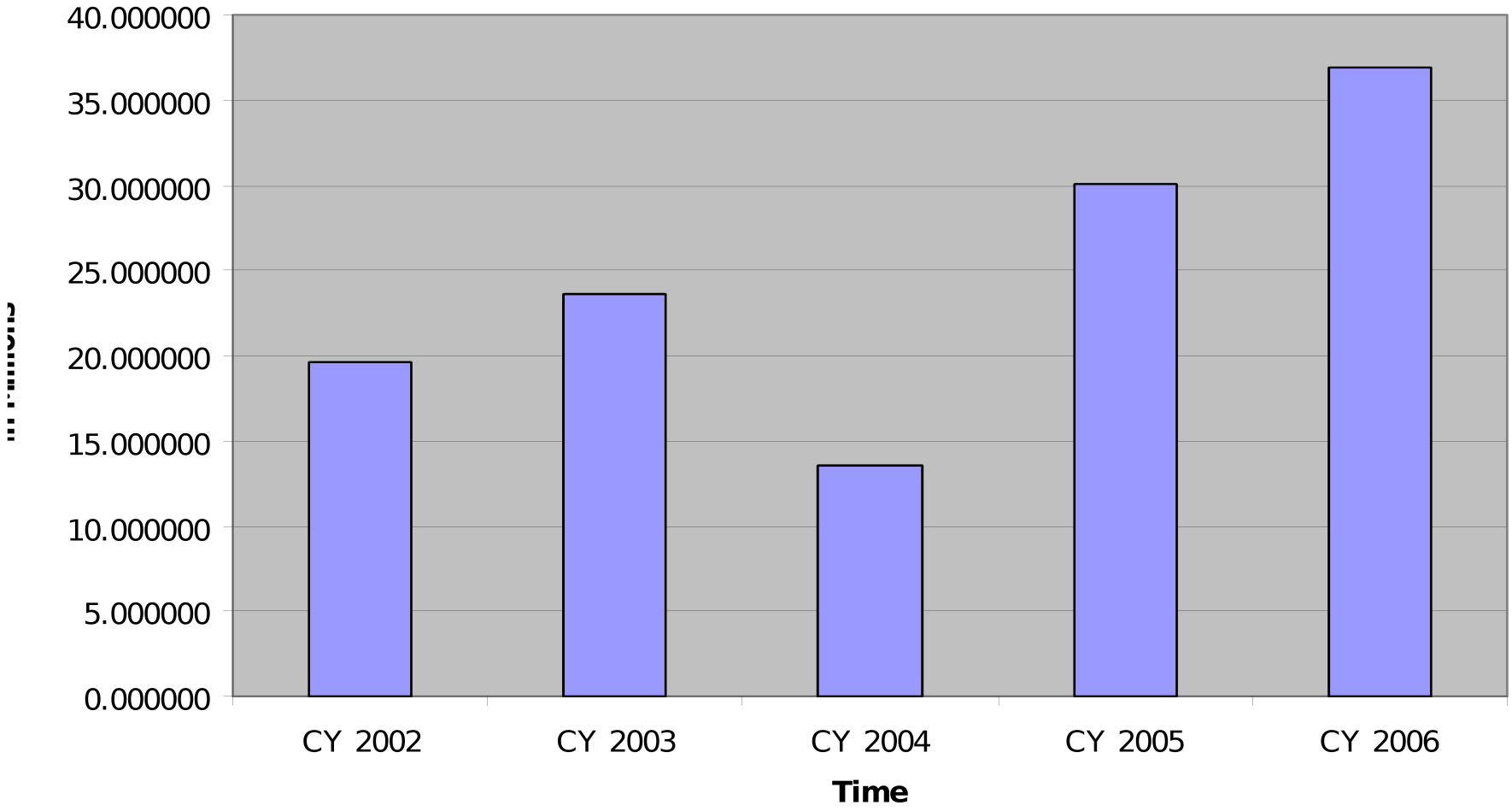
Obsolescence Mngt. Initiatives

- GIDEP Module for Shared data Warehouse (SDW)
- Hosting DMSMS Knowledge Sharing Portal (DKSP)
- Army INFO System Transitio
- GIDEP Transformation
- Lean DMSMS Proc

Inadequate

Benefits Increasing Slowing

DMSMS Related Expenditure Prevention



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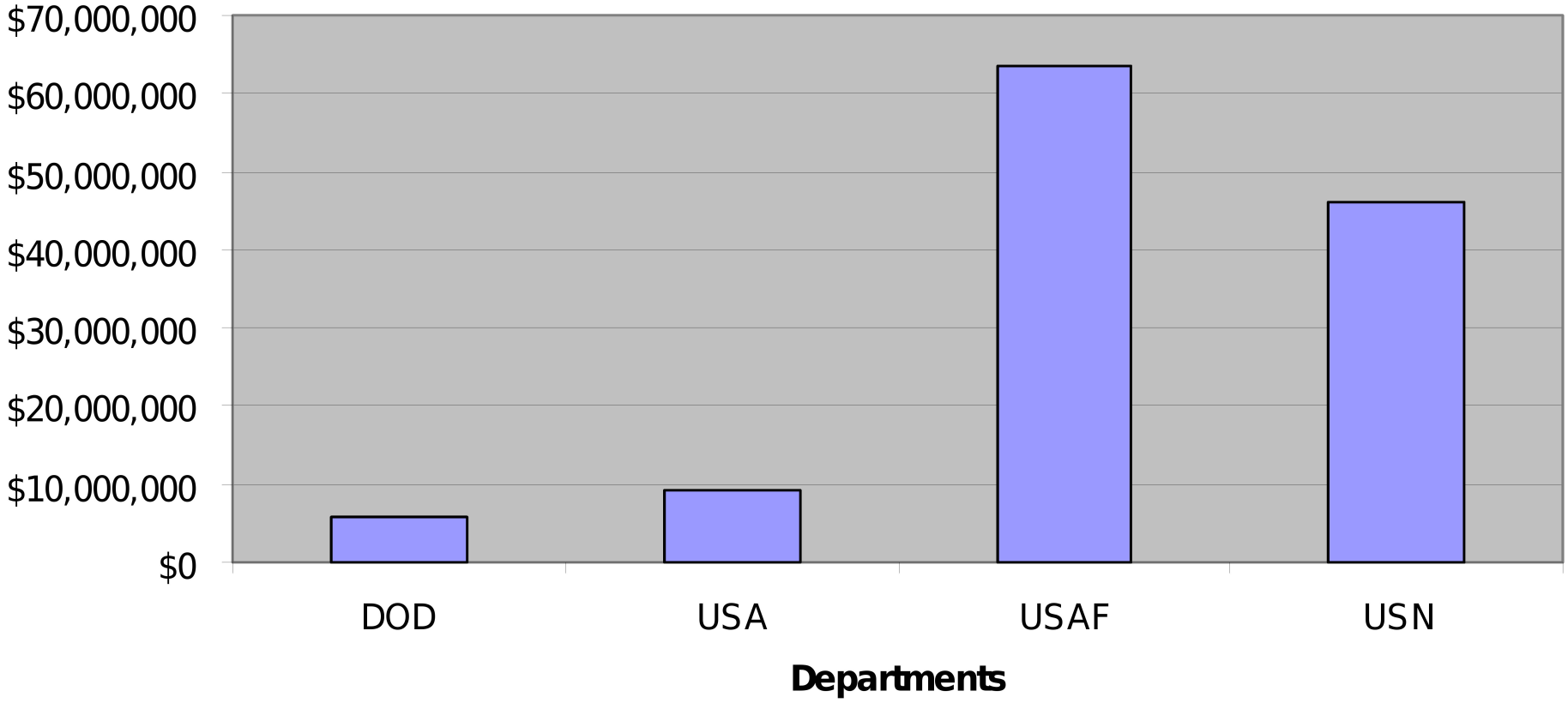
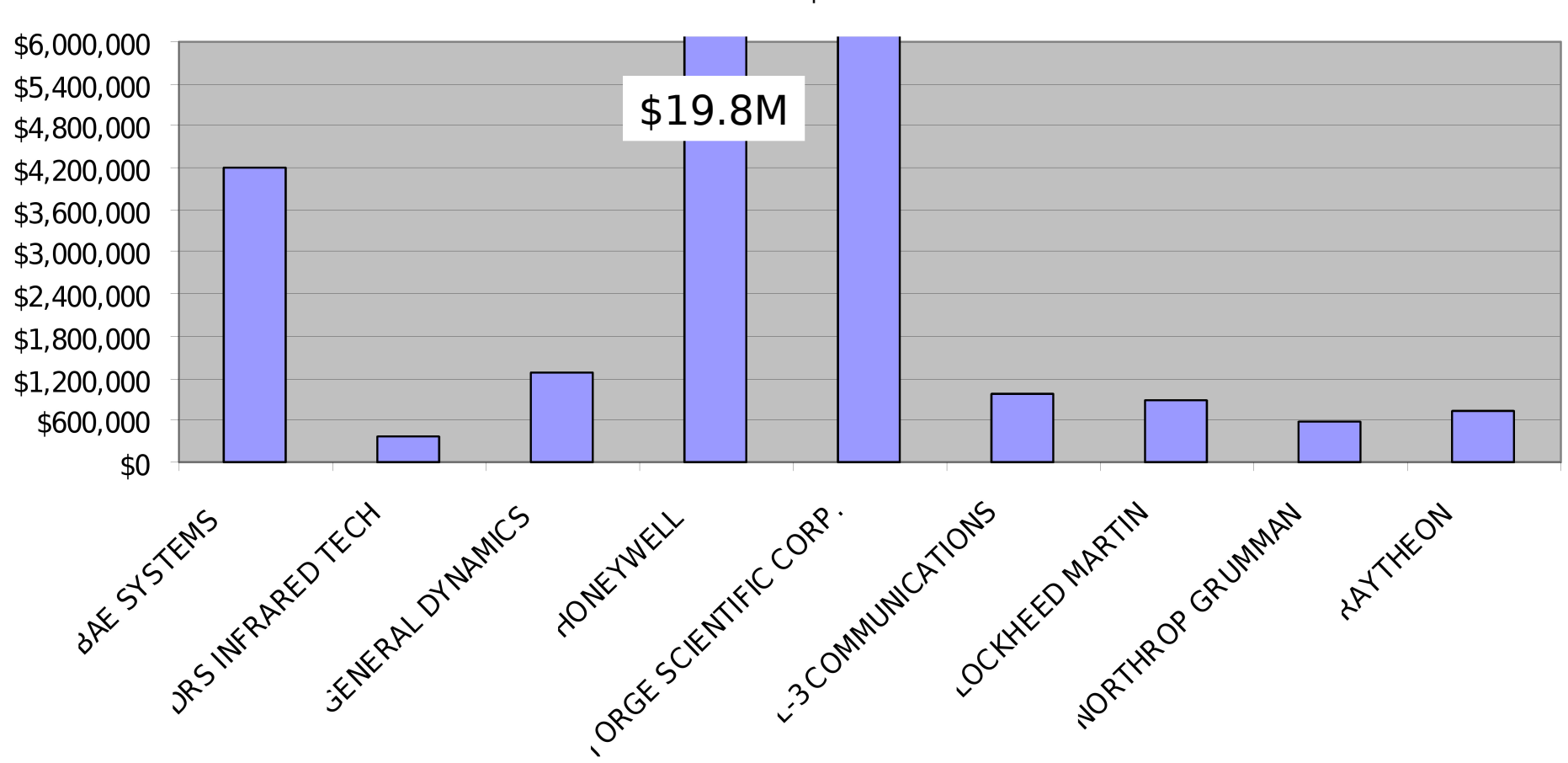
Not Shared by All

Departments Benefiting Most By DMSMS GIDEP Activity



Inconsistent Benefit in Industry

Companies Benefiting Most By DMSMS GIDEP Activity



OSD Energize & Challenge …

- **AIA, NDIA (*Industry Association Partnership)* to …**
  "… drive and be the conscience of Industry to share information and do the right thing … even though it is not in some DFAR's Clause!"
  - **Use BOM/Batch Match & Report Discontinuances**
- **… Program Managers to spell out the BOM and Discontinuance Reporting as a CDRL's…**

Related GIDEP Policy

- **Team with our Contractors to:**
  - **Confront escalating concern over nonconforming material entering the DoD Logistics System**
  - **Engage Government-Industry Data Exchange Program (GIDEP) for early warning of nonconformance, DMSMS & quality escapes**
- **Recognize:**
  - **Less than active participation in GIDEP & it's DMSMS resources**
  - **Need to conform with existing policy - Office of Federal Procurement Policy (OFPP) 91-3**
  - **An integrated Instruction was needed**
    - **Relate general DCMA GIDEP policy with DCMA's Contract Integrity Center (CIC) legal staff, the Inspector General Safety Alerts and improve internal collaboration/communications (DCMA Forum)**

Our DCMA GIDEP "Instruction"

- **DCMA activities <u>shall participate</u>**
- CMO specialists who become aware of nonconforming products/processes <u>shall report</u> their findings to the DCMA GIDEP
- The *criteria for issuance* of an AAN-L and a PA are:

OFPP 91-3

  - Potentially nonconforming products/processes do not meet the requirements of contracts …
  - Continued supply or use of these products/processes could adversely affect other Government agencies

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Our Tasks from DSPO

- **Examine participation with DSPO**
  - Joint team: expertise from PSMC & DMSMS communities
  - Study & refine successful Contract Clauses & Instruments
- **Collect a database of clauses/instruments cited** (by Prog. Mngt. …) **as being instrumental in DMSMS / Parts Management success.**
- **Establish a Team Portal for discussions, document collection & participant surveys**

Joint Committee, Why?

PSMC Forward Look

- PSMC future
  - **Short term** – work with PMRI PT and DMS/MS Working Group to develop appropriate policies and procedures;
  - **Medium term** – work with PMRI PT and DMS/MS Working Group to develop appropriate implementation strategies, training, marketing, etc. to implement balance of PMRWG implementation plans; monitor parts management activities to ensure effectiveness, and to recommend policy and procedural changes as needed;
  - **Long term** – provide support as needed to parts management; Consider potential merger with DMS/MS Working Group.

Parts Mngt & DMSMS Relationships

We must update contract language to incorporate DMSMS & Parts Management issues

Parts management will be incorporated in all contracts for new/major mods for DoD systems:

- Parts Management Plan (PMP) required as part of Systems Engineering Master Plan
- Contractor PMP approved based on parts selection for reliability, quality, and standardization, **and to minimize impact of <u>part obsolescence</u>**

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Draft Charter

- Chartered by DSPO as a joint subcommittee of both:
  - DoD Diminishing Manufacturing Sources and Material Shortages (DMSMS) Working Group (DMSMSWG) and the
  - Parts Standardization and Management Committee (PSMC)
- Advise DSPO in the development of policy related to parts management … specifically related to contract clauses, instruments and best practices, successful in mitigating DMS/Obsolescence challenges.
- Seeking industry participation up-front in an advisory capacity.
- A forum to influence and support parts management reengineering and to promote effective parts management and standardization.

My Pages
Home Page
Outlook
Calendar
DMSMS & Parts Mngt
Up to: GIDEP & DMSMS
DMSMS Home
2004 DCMA Product Support...
CAR-CIO Community
Community Listing
Contract Operations and Cu...
CWF Portal
DCMA-OC EWAM Customers
Earned Value Management Co...
Engineering Community
EWAM User Community
GIDEP &

DMSMS/Obsolescence

A Joint Parts Management Contract Clause Committee is being explored by DCMA. It would be a joint committee which brings the Parts Standardization and Managment (PSMC) and the DMSMS communities closer together.

Community Announcements

New | Joint Parts... | View

1. Introducing a New Sub-Community, available on the left side called "DMSMS and Parts Management." The Sub-Community is, *in the near term*, being pushed into place to support a Joint Parts Management Contract Clause Committee that is planned to be chartered by the Defense Standardization Program Office (DSPO) and Chaired by DCMA. It it a joint committee which brings the Parts Standardization and Managment Committee (PSMC) and the DMSMS communities closer together.
Posted by kessler, eric on 7/20/07 8:08:20 AM in project Joint Parts Management Contract Clause Committee

2. Further info on the Joint Parts Management Contract Clause Sub-Committee: The outcome of this effort is to create a database of clauses being cited by (Program Management ...) as being instrumental in the success of the program. We have established a Discussion area where we can clauses of interest and more specifially, those which have a testimonial attached to them. Perhaps other database fields may collect other infor importatant to DoD --- that could be the basis for one of the first few meetings of the proposed new committee. The propased committee may also serve as a developer of policy changes that may be required. As a joint subcommittee of the PSMC and DMSMS it should streamline policy reivew routed through the PSMC and DSPO for action as required.
Posted by kessler, eric on 7/20/07 8:07:37 AM in project Joint Parts Management Contract Clause Committee

One of the primery goals of this portal Community is to seek advice and recommendations

Community Projects

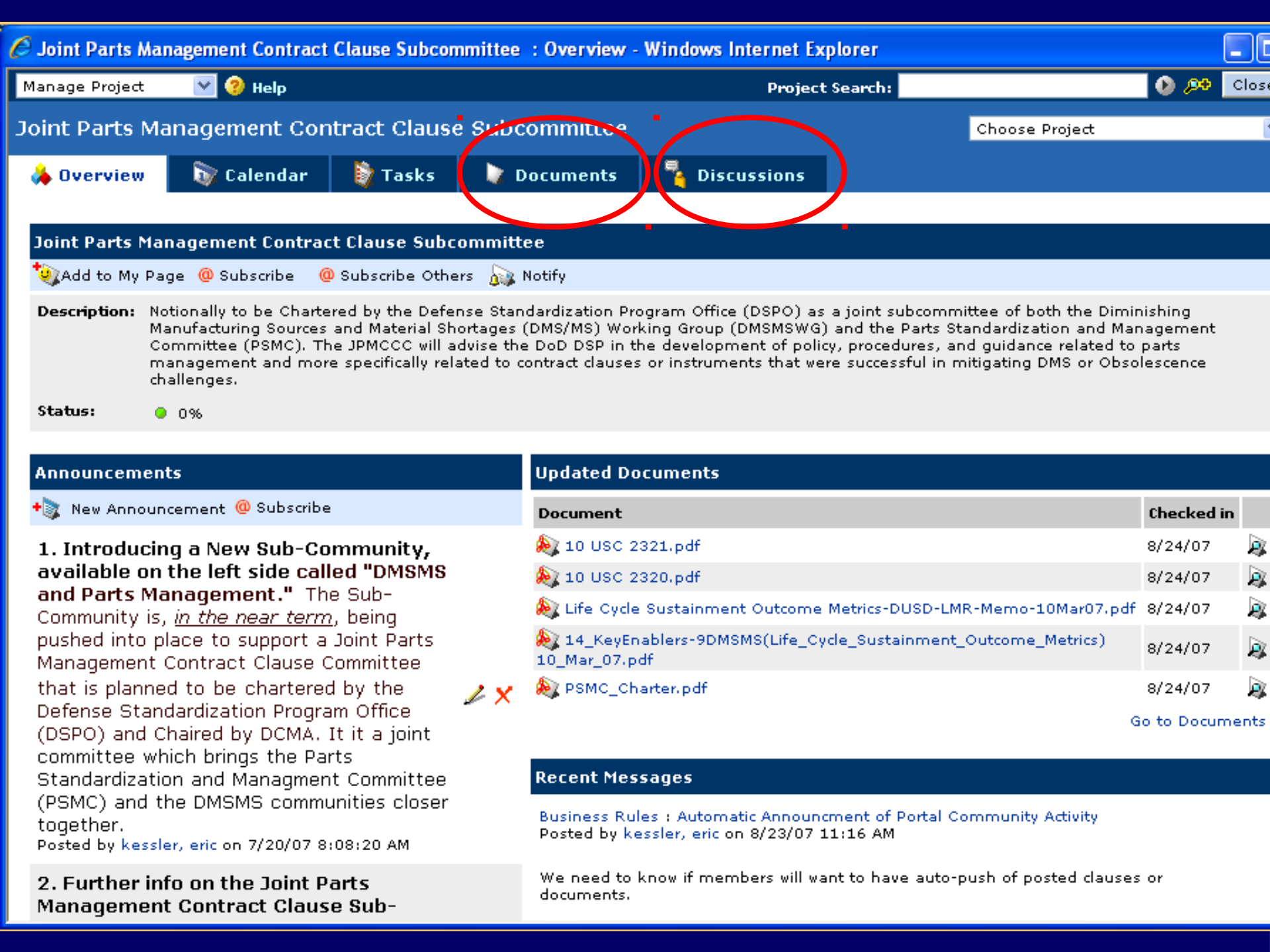
Project Name
DMSMS-Obsolescence &
Joint Parts Management

Community Links Portlet

Edit Links

DMSMS Links

- DAU Aging Systems Site
- DAU Continuous Modernization
- DAU DMSMS Fundamentals Co
- DAU DMSMS Site
- DAU Lead Free Electronics/Sold
- DAU Obsolescence Managemer
- DAU Technology Insertion Site
- DMSMS Knowledge Sharing Por
- DMSMS Management PlanBuild Capabi...
- DoD DMSMS Guidebook (Versic 2.1),...
- DUSD(L&MR) - Briefings & Polic
- DUSD(L&MR) - Life Cycle Sustainment...


Joint Parts Management Contract Clause Subcommittee : Overview - Windows Internet Explorer
Manage Project
Help
Project Search:
Joint Parts Management Contract Clause Subcommittee
Choose Project
Overview
Calendar
Tasks
Documents
Discussions
Joint Parts Management Contract Clause Subcommittee
Add to My Page
Subscribe
Subscribe Others
Notify
Description: Notionally to be Chartered by the Defense Standardization Program Office (DSPO) as a joint subcommittee of both the Diminishing Manufacturing Sources and Material Shortages (DMS/MS) Working Group (DMSMSWG) and the Parts Standardization and Management Committee (PSMC). The JPMCCC will advise the DoD DSP in the development of policy, procedures, and guidance related to parts management and more specifically related to contract clauses or instruments that were successful in mitigating DMS or Obsolescence challenges.
Status: 0%
Announcements
New Announcement
Subscribe
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Posted by kessler, eric on 7/20/07 8:08:20 AM
2. Further info on the Joint Parts Management Contract Clause Sub-
Updated Documents
Document
Checked in
10 USC 2321.pdf 8/24/07
10 USC 2320.pdf 8/24/07
Life Cycle Sustainment Outcome Metrics-DUSD-LMR-Memo-10Mar07.pdf 8/24/07
14_KeyEnablers-9DMSMS(Life_Cycle_Sustainment_Outcome_Metrics) 10_Mar_07.pdf 8/24/07
PSMC_Charter.pdf 8/24/07
Go to Documents
Recent Messages
Business Rules : Automatic Announcment of Portal Community Activity
Posted by kessler, eric on 8/23/07 11:16 AM
We need to know if members will want to have auto-push of posted clauses or documents.

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Challenge

Opportunity to Participate in Your Elite Group

Contact Us Here or by eMail:
(removed)

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Questions

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Thank You!

"My doctor told me to avoid any unnecessary stress, so I didn't open his bill."

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Policy Letter OFPP 91-3

Back - #19
Back - #21

TO THE HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS
SUBJECT: Reporting Nonconforming Products

Purpose. This Policy Letter establishes policies and procedures for using a Government-wide system for **exchanging information among agencies about nonconforming products and materials.** The use of a central system will enhance communications among agencies. Specifically, it will **help eliminate instances where individual agencies or their contractors acquire products and materials previously identified as nonconforming by other agencies.**

Definition. For purposes of this Policy Letter, a nonconforming product, process or material **(nonconforming product) is a product that does not meet** manufacturing specifications, design, composition or other **contract requirements.**

Policy. Agencies shall review existing programs or, where necessary, establish new programs to **assure the quality** of purchased products and materials. **Information shall be exchanged among agencies about nonconforming products.** The existing Government/Industry Data